

**VILLAGE OF BLISSFIELD, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2007**

**WITH  
INDEPENDENT AUDITORS' REPORT**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF BLISSFIELD	County LENAWE
Fiscal Year End SEPTEMBER 30, 2007	Opinion Date OCTOBER 31, 2007	Date Audit Report Submitted to State JANUARY 22, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

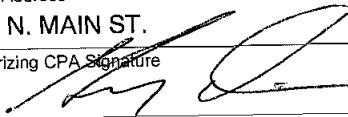
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	NOT NEEDED THIS YEAR	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C.		Telephone Number 517-265-6154	
Street Address 121 N. MAIN ST.		City ADRIAN	State MI
Zip 49221			
Authorizing CPA Signature 	Printed Name GARY OWEN		License Number 1101008646

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended September 30, 2007**

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**VILLAGE OF BLISSFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended September 30, 2007**

As management of the Village of Blissfield, Michigan, we offer readers of the Village of Blissfield, Michigan's financial statements this narrative overview and analysis of the financial activities of the Village of Blissfield, Michigan for the year ended September 30, 2007. We encourage readers to consider the information presented here.

**Financial Highlights**

- The assets of the Village of Blissfield, Michigan, excluding component unit, exceeded its liabilities at the close of the year ended September 30, 2007 \$10,638,047 (*net assets*). Of this amount, \$209,847 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased \$294,356. This decrease is partially attributable to depreciation expense.
- At the close of the year ended September 30, 2007, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$989,876, an increase of \$68,248 from September 30, 2006.
- At the end of the current year, unreserved fund balance for the General Fund was \$7,883, or 0.1 percent of total General Fund expenditures.
- The Village of Blissfield, Michigan's total debt decreased by \$461,586 during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village of Blissfield, Michigan's basic financial statements. The Village of Blissfield, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Blissfield, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Blissfield, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Blissfield, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the year ended September 30, 2007. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Blissfield, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Blissfield, Michigan include general government, public safety, highways and streets, sanitation, public works, and culture and recreation. The business-type activities of the Village of Blissfield, Michigan include utility systems.

The government-wide financial statements include not only the Village of Blissfield, Michigan itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) for which the Village of Blissfield, Michigan is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 3 – 6 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Blissfield, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Blissfield, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the year ended September 30, 2007. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Blissfield, Michigan maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street funds, and capital projects fund which are considered to be major funds. Data from the other six governmental funds are combined

into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Blissfield, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 7 – 15 of this report.

**Proprietary funds.** The Village of Blissfield, Michigan maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Blissfield, Michigan uses an enterprise fund to account for its Utility Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village of Blissfield, Michigan's various functions. The Village of Blissfield, Michigan uses an internal service fund to account for equipment expense (Motor Vehicle Fund). Because this service predominantly benefits governmental rather than a business-type function it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund, which is considered to be a major fund of the Village of Blissfield, Michigan. The internal service fund (Motor Vehicle Fund) is in the proprietary fund financial statements.

The basic fund financial statements can be found on pages 16 – 20 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Blissfield, Michigan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 21 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 22 – 40 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village of Blissfield, Michigan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 41 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension. Combining statements and individual fund schedules can be found on pages 42 – 47 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Blissfield, Michigan, assets exceeded liabilities by \$10,638,047 at the close of the year ended September 30, 2007.

By far the largest portion of the Village of Blissfield, Michigan's net assets (89 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Blissfield, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Blissfield, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Village of Blissfield, Michigan's Net Assets

	Governmental Activities	Business-type Activities	2007 Total	2006 Total
Current and other assets	\$ 2,133,248	\$ 258,034	\$ 2,391,282	\$ 2,309,130
Capital assets	<u>6,224,605</u>	<u>11,485,725</u>	<u>17,710,330</u>	<u>18,463,510</u>
Total assets	<u>\$ 8,357,853</u>	<u>\$ 11,743,759</u>	<u>\$ 20,101,612</u>	<u>\$ 20,772,640</u>
Long term liabilities outstanding	2,288,004	5,593,885	7,881,889	8,353,475
Other liabilities	<u>1,133,570</u>	<u>448,106</u>	<u>1,581,676</u>	<u>1,486,762</u>
Total liabilities	<u>\$ 3,421,574</u>	<u>\$ 6,041,991</u>	<u>\$ 9,463,565</u>	<u>\$ 9,840,237</u>
Net assets:				
Invested in capital assets, net of related debt	3,919,605	5,549,714	9,469,319	9,727,937
Restricted	880,811	78,070	958,881	1,044,721
Unrestricted	<u>135,863</u>	<u>73,984</u>	<u>209,847</u>	<u>159,745</u>
Total net assets	<u>\$ 4,936,279</u>	<u>\$ 5,701,768</u>	<u>\$ 10,638,047</u>	<u>\$ 10,932,403</u>

An additional portion of the Village of Blissfield, Michigan's net assets (9.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$209,847 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Blissfield, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

#### Financial Analysis of the Government's Funds

As noted earlier, the Village of Blissfield, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the year ended September 30, 2007, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$989,876, an increase of \$68,248 in comparison with the balance at September 30, 2006. Reserved fund balance (\$242,165) is not available for new spending since it already is committed and Special Revenue Funds have \$638,034 available for their special uses.

The General Fund is the chief operating fund of the Village of Blissfield, Michigan. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,883.

The fund balance of the Village of Blissfield, Michigan's General Fund decreased by \$4,791 during the year ended September 30, 2007

**Proprietary fund** - The Village of Blissfield, Michigan's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the utility fund at the end of the year amounted to \$39,221. The total increase in net assets for the fund was \$9,788.

#### **General Fund Budgetary Highlights**

Budgeting for FY06-07 was the second full 12-month fiscal year for the Village after the transition to an October 1 – September 30 fiscal year. Differences between the original FY06-07 budget and the final amended budget were generally routine in nature, with a few exceptions. In addition to the originally budgeted items in the General Fund, there were a few projects/activities that were ultimately funded that were not included in the original budget. These included risk management-related improvements to the Department of Public Works facility, matching funds for a new skateboard park and other park improvements, and the higher-than-anticipated mosquito control expenditures. Conversely, the Police Department's final budget was less than the original budget due to the elimination of part-time police positions. Further, it should be noted, that while several activities in the General Fund expended more funds than the final budget, the fund as a whole expended less than that finally budgeted.

One notable aspect of the General Fund's performance in FY06-07 was that the fund balance decreased from \$12,674 to \$7,883, still much lower than that desired. This is the continuing result of the accounting technique required to show a \$160,000 inter-fund loan (from FY04-05) from the Local Street Fund to the General Fund. As of September 30, 2007, the General Fund owes a net payable to the Local Street Fund of \$128,000. Were this figure represented as part of the General Fund fund balance (as it will be upon complete repayment to the Local Street Fund), that year-end fund balance would then be \$135,883. As it is, though, this payable will decrease by \$16,000 per year for the next 8 years, and thus the General Fund fund balance should increase by that annual amount over the same 8-year period.

## Capital Asset and Debt Administration

**Capital assets.** The Village of Blissfield, Michigan's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$17,710,330 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment, park facilities, roads, highways, and bridges, and other infrastructure.

Capital asset purchased during the year ended September 30, 2007 were:

- Equipment (Motor Vehicle Fund) (\$47,992) and construction of new tennis courts (\$183,198).

### Village of Blissfield, Michigan's Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2007 Total</u>	<u>2006 Total</u>
Land	\$ 298,271	\$	\$ 298,271	\$ 298,271
Land improvements	558,461		558,461	390,059
Buildings	403,649		403,649	424,327
Equipment, furniture, and books	333,607	47,871	381,478	440,429
Infrastructure	<u>4,630,617</u>	<u>11,437,854</u>	<u>16,068,471</u>	<u>16,910,424</u>
Total	<u>\$ 6,224,605</u>	<u>\$ 11,485,725</u>	<u>\$ 17,710,330</u>	<u>\$ 18,463,510</u>

Additional information on the Village of Blissfield's capital assets can be found in Note 3. C. on pages 31 – 32.

**Long-term debt.** At the year ended September 30, 2007, the Village of Blissfield, Michigan had total bonded and contract debt outstanding, excluding component unit, of \$8,241,011. Of this amount, \$6,180,000 comprises debt backed by the full faith and credit of the government. The remainder of the Village of Blissfield, Michigan's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

### Village of Blissfield, Michigan's Outstanding Debt General Obligation and Revenue Bonds

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2007 Total</u>	<u>2006 Total</u>
General obligation bonds	\$ 2,305,000	\$ 3,875,000	\$ 6,180,000	\$ 6,535,000
Revenue bonds		<u>2,061,011</u>	<u>2,061,011</u>	<u>2,161,011</u>
Total	<u>\$ 2,305,000</u>	<u>\$ 5,936,011</u>	<u>\$ 8,241,011</u>	<u>\$ 8,696,011</u>

The component unit (Downtown Development Authority) has total debt of \$556,161 at September 30, 2007. This debt consists of \$435,000 general obligation debt of the Village and \$121,161 in contract purchase debt.

Additional information on the Village of Blissfield, Michigan's long-term debt can be found in Note 3. E. and on pages 48 – 55 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors (some positive, some negative) were considered in preparing the Village of Blissfield's budget for FY07-08:

- The occupancy rate of the Village of Blissfield's central business district is currently 84%, down from 88% a year ago.
- Inflationary trends in the Village continue to compare favorably to national indices.
- State revenue sharing payments are yet again not expected to increase in FY07-08, and may decrease.
- Village property tax revenues are expected to increase by approximately 9.0% for FY07-08. However, a decrease in the tax millage rate as a result of Proposal A and the Headlee amendment will offset an expected total 9.25% increase in property values by .25%. While still an issue, it is not as significant as some previous years.
- The Village faces several significant projects in the next several years, including a new Municipal office, a new DPW facility, and several street, water, and sewer projects. Thus, the Village Council is in the process of considering a Capital Improvement Plan.
- The Village has been able to stabilize personnel costs, particularly health insurance and disability insurance costs, through participation in MERS health, disability, and life/AD&D insurance programs. Full-time fringe benefit costs should remain relatively steady at approximately 45% of wage costs.

During FY07-08, while reducing the inter-fund payable to the Local Street Fund by \$16,000 (discussed elsewhere in this MD&A), the Village expects continued pressure on the General Fund's fund balance. Due to the limitations that affect revenues and spending in the General Fund, the Village does not anticipate adding significantly to that fund balance (except through paying off the inter-fund payable). However, we do not anticipate the need to raise taxes during FY07-08, and only anticipate raising selected rates and fees by 3% (just enough to cover inflation-based cost increases). As well, we do not anticipate the need to raise overall rates in the Village's Utility (water and sewer) Fund in FY07-08. In addition, FY07-08 will be the first year in which the Village realizes an entire fiscal year of revenues (and expenses) from the recently-built ethanol plant. It should again be noted that approximately 40% of these (non ethanol plant related) utility rates support debt payments for projects mandated by the State of Michigan, such as a new water plant and a re-built wastewater plant.

### **Requests for Information**

This financial report is designed to provide a general overview of the Village of Blissfield, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Blissfield, 408 East Adrian Street, P.O. Box 129, Blissfield, Michigan 49228.

October 26, 2007

### INDEPENDENT AUDITORS' REPORT

Village of Blissfield  
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Blissfield, Michigan's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through vii and pages 44 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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October 26, 2007

Village of Blissfield  
Lenawee County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Blissfield, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Robertson, Eaton & Owen, P.C.***

# VILLAGE OF BLISSFIELD, MICHIGAN

## STATEMENT OF NET ASSETS

September 30, 2007

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business - Type Activities	Total	Downtown Development Authority
<b>ASSETS:</b>				
Cash/savings accounts	\$ 410,589	\$ 123,868	\$ 534,457	\$ 1,140
Investments	1,352,993	781	1,353,774	49,958
Accounts receivables	164,477	184,737	349,214	119,949
Internal balance	205,189	(205,189)		
Inventory		35,712	35,712	
<b>Restricted assets:</b>				
Cash/savings accounts		41,305	41,305	
Investments		76,820	76,820	
<b>Capital assets:</b>				
Land	298,271		298,271	
Land improvements	861,918		861,918	
Equipment; furniture; books	1,545,529	199,356	1,744,885	
Buildings	1,028,935		1,028,935	
Infrastructure	11,193,955	14,227,676	25,421,631	869,885
Less: Accumulated depreciation	(8,704,003)	(2,941,307)	(11,645,310)	(183,444)
<b>Total assets</b>	<b>\$ 8,357,853</b>	<b>\$ 11,743,759</b>	<b>\$ 20,101,612</b>	<b>\$ 857,488</b>

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business -- Type Activities	Total	Downtown Development Authority
<b>LIABILITIES:</b>				
Accounts payable	\$ 32,878	\$ 9,271	\$ 42,149	\$ 16
Accrued expenses	38,137	24,601	62,738	477
Customer deposits		48,942	48,942	
Liabilities payable from restricted assets				
Deferred revenue	893,690		893,690	
Mature bonds and interest payable	168,865	365,292	534,157	58,336
<b>Noncurrent liabilities:</b>				
Due within one year	67,770	17,874	85,644	
Due in more than one year	2,220,234	5,576,011	7,796,245	497,825
Total liabilities	3,421,574	6,041,991	9,463,565	556,654
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	3,919,605	5,549,714	9,469,319	130,280
<b>Restricted for:</b>				
Highways and streets	504,713		504,713	
Public safety	47,085		47,085	
Culture and recreation	322,970		322,970	
Debt Service	6,043	78,070	84,113	307
Unrestricted	135,863	73,984	209,847	170,247
Total net assets	\$ 4,936,279	\$ 5,701,768	\$ 10,638,047	\$ 300,834

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2007**

	<b>PROGRAM REVENUES</b>			
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 301,143	\$ 48,920	\$ 7,442	\$
Public safety	580,389	113,676		
Public works	67,059			
Sanitation	8,690			
Culture and recreation	596,993	88,082		
Highways and streets	950,697		228,508	
Interest on long term debt	<u>98,605</u>			
Total governmental activities	<u>2,603,576</u>	<u>250,678</u>	<u>235,950</u>	<u>-</u>
<b>Business-Type Activities:</b>				
Utility systems	<u>1,585,006</u>	<u>1,695,989</u>		
Total business-type activities	<u>1,585,006</u>	<u>1,695,989</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,188,582</u>	<u>\$ 1,946,667</u>	<u>\$ 235,950</u>	<u>\$ -</u>
<b>Component Unit:</b>				
Downtown Development Authority	\$	\$	\$	\$
Interest on long term debt				
Total component unit	<u>\$</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Property taxes				
Intergovernmental – State				
Licenses, fees, and fines				
Contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets – beginning of year				
Net assets – end of year				

The notes to the financial statements are an integral part of this statement.

**NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS**

<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNIT</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Downtown Development Authority</b>
\$ (252,223)	\$	\$ (252,223)	\$
(459,271)		(459,271)	
(67,059)		(67,059)	
(8,690)		(8,690)	
(508,911)		(508,911)	
(722,189)		(722,189)	
(98,605)		(98,605)	
<u>(2,116,948)</u>	<u>-</u>	<u>(2,116,948)</u>	<u>-</u>
	110,983	110,983	
<u>-</u>	110,983	110,983	<u>-</u>
<u>\$ (2,116,948)</u>	<u>\$ 110,983</u>	<u>\$ (2,005,965)</u>	<u>\$ -</u>
\$	\$	\$	\$ (58,945)
-			(37,673)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,618)</u>
\$ 1,183,820	\$	\$ 1,183,820	\$ 159,787
321,175		321,175	
69,609		69,609	
12,916		12,916	2,736
60,211	28,094	88,305	
30,073	5,711	35,784	273
135,000	(135,000)		
<u>1,812,804</u>	<u>(101,195)</u>	<u>1,711,609</u>	<u>162,796</u>
(304,144)	9,788	(294,356)	66,178
<u>5,240,423</u>	<u>5,691,980</u>	<u>10,932,403</u>	<u>234,656</u>
<u>\$ 4,936,279</u>	<u>\$ 5,701,768</u>	<u>\$ 10,638,047</u>	<u>\$ 300,834</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2007  
(With Comparative Totals for September 30, 2006)

ASSETS	General	Major Street	Local Street	Other Governmental Funds		Total Governmental Funds
				2007	2006	
Cash/savings accounts	\$ 135,502	\$ 71,041	\$ 13,583	\$ 145,809	\$ 365,935	\$ 266,425
Investments at cost	624,199	43,749	254,759	354,974	1,277,681	1,413,770
<b>Receivables:</b>						
Accounts	54,784	3,299	106,394	164,477	172,964	172,964
Due from other funds	15,564	5,378	205,000	225,942	20,960	20,960
Due from component unit					700	700
Advance to other funds			128,000	128,000	144,000	144,000
Total assets	\$ 830,049	\$ 123,467	\$ 707,736	\$ 500,783	\$ 2,162,035	\$ 2,018,819
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	16,787	951	768	6,502	25,008	34,284
Accrued liabilities	30,866	1,910	2,511	1,645	36,932	34,383
Due to other funds	19		5,384	15,356	20,759	21,331
Advance from other funds	128,000				128,000	144,000
Accrued sick pay	67,770				67,770	62,522
Deferred revenue	578,724		314,966		893,690	800,671
Total liabilities	822,166	2,861	323,629	23,503	1,172,159	1,097,191
<b>Fund Balances:</b>						
<b>Reserved For:</b>						
Debt service				6,043	6,043	5,979
Police equipment				21,122	21,122	21,721
Little league				36,000	36,000	36,000
Memorial Park				51,000	51,000	52,000
Advance			128,000		128,000	144,000
<b>Unreserved, Reported In:</b>						
General Fund	7,883				7,883	12,674
Special Revenue Funds		120,606	256,107	261,321	638,034	644,653
Capital Projects Fund				101,182	101,182	1,073
Permanent Funds				612	612	3,528
Total fund balances	7,883	120,606	384,107	477,280	989,876	921,628
Total liabilities and fund balances	\$ 830,049	\$ 123,467	\$ 707,736	\$ 500,783	\$ 2,162,035	\$ 2,018,819

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

September 30, 2007

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$ 6,224,605
The internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The assets and liabilities of the internal service fund (Motor Vehicle Fund) are included in governmental activities in the Statement of Net Assets.	110,897
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued	(58,865)
Long-term portion of accrued sick and vacation pay liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(25,234)
Bond and loan indebtedness are recognized in the governmental funds when paid and not when accrued.	<u>(2,305,000)</u>
Net differences	3,946,403
Total fund balance in governmental funds	<u>989,876</u>
Total net assets of governmental activities	<u>\$ 4,936,279</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2007  
(With Comparative Totals for September 30, 2006)

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds 2007</u>	<u>Total Governmental Funds 2006</u>
<b>Revenues:</b>						
Property taxes	\$ 810,417	\$	\$ 373,403	\$	\$ 1,183,820	\$ 1,144,354
Licenses, fees and charges for services	72,566			64,755	137,321	105,239
Fines	32,686			3,519	36,205	32,988
Intergovernmental – State	328,617	171,762	56,746		557,125	572,336
Miscellaneous	13,082		10,045	2,606	25,733	58,154
Interest	19,347	2,167	17,580	17,100	56,194	46,739
Gifts	10,818			2,098	12,916	11,253
Total revenues	<u>1,287,533</u>	<u>173,929</u>	<u>457,774</u>	<u>90,078</u>	<u>2,009,314</u>	<u>1,971,063</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	242,598				242,598	262,891
Public safety	487,823			46,304	534,127	541,429
Public works	67,059				67,059	78,614
Sanitation	8,690				8,690	8,106
Culture – recreation	651,405			21,685	673,090	481,502
Highways and streets		170,357	185,016		355,373	308,002
<b>Debt Service:</b>						
Principal				105,000	105,000	100,000
Interest and agent fees				100,092	100,092	102,965
Other				35	35	4
Total expenditures	<u>1,457,575</u>	<u>170,357</u>	<u>185,016</u>	<u>273,116</u>	<u>2,086,064</u>	<u>1,883,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170,042)</u>	<u>3,572</u>	<u>272,758</u>	<u>(183,038)</u>	<u>(76,750)</u>	<u>87,550</u>

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds 2007</u>	<u>2006</u>
<b>Other financing sources (uses):</b>						
Transfers in	180,251	26,800		305,092	512,143	268,965
Transfers out	<u>(15,000)</u>	<u>(36,945)</u>	<u>(304,948)</u>	<u>(10,252)</u>	<u>(367,145)</u>	<u>(228,965)</u>
Total other financing sources ( uses)	165,251	<u>(10,145)</u>	<u>(304,948)</u>	294,840	144,998	40,000
Net change in fund balance	(4,791)	(6,573)	(32,190)	111,802	68,248	127,550
Fund balances at beginning of year	<u>12,674</u>	<u>127,179</u>	<u>416,297</u>	<u>365,478</u>	<u>921,628</u>	<u>794,078</u>
Fund balances at end of year	\$ 7,883	\$ 120,606	\$ 384,107	\$ 477,280	\$ 989,876	\$ 921,628

# VILLAGE OF BLISSFIELD, MICHIGAN

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2007

Amounts reported for governmental activities in the Statement of Revenues,  
Expenditures and Changes in Fund Balances are different because:

Net change in fund balance – total governmental funds	\$	\$	68,248
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Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Total capital outlay \$231,190 less total depreciation \$722,418)			(491,228)
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This issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these assets. This amount is the net effect of these differences in the treatment of long-term debt.

Debt incurred during current year			
Bond proceeds			
Less: Principal repayment		105,000	105,000

Internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The net revenue of certain activities of the Motor Vehicle Fund is reported with governmental activities.			(2,014)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds –

Accrued interest – net effect			1,522
Accrued long-term leave – net effect		14,328	

Change in net assets in governmental activities		\$	(304,144)
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 824,460	\$ 848,000	\$ 810,417	\$ (37,583)
<b>Licenses, fees and charges for services:</b>				
Swimming pool and summer programs	46,000	39,000	39,162	162
Licenses and permits	4,300	4,000	4,052	52
Mobile home park fees	1,600	2,500	1,211	(1,289)
Cable TV	16,000	23,500	28,141	4,641
Total licenses, fees and charges for services	67,900	69,000	72,566	3,566
<b>Fines:</b>				
Ordinance	35,000	29,000	32,366	3,366
Parking	300	300	320	20
Total fines	35,300	29,300	32,686	3,386
Intergovernmental revenue - State	335,000	320,000	319,898	(102)
Intergovernmental revenue - grants	1,500	8,200	8,719	519
<b>Miscellaneous:</b>				
Other	8,300	5,800	13,082	7,282
Interest	11,300	17,700	19,347	1,647
Gifts	41,000	46,000	10,818	(35,182)
Total revenues	1,324,760	1,344,000	1,287,533	(56,467)
<b>Expenditures:</b>				
<b>General Government:</b>				
Council	35,380	33,210	33,037	173
Administrator	38,340	38,450	37,619	831
Election		1,000	991	9
Clerk and Treasurer	51,220	59,100	58,499	601
Village Hall and grounds	132,980	142,860	89,429	53,431
Planning Commission	9,100	8,750	8,642	108
Professional service	26,870	24,890	14,381	10,509
Total General Government	\$ 293,890	\$ 308,260	\$ 242,598	\$ 65,662

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Safety:</b>				
Police	\$ 510,150	\$ 474,380	\$ 481,971	\$ (7,591)
Zoning administrator	<u>6,100</u>	<u>5,900</u>	<u>5,852</u>	<u>48</u>
Total Public Safety	<u>516,250</u>	<u>480,280</u>	<u>487,823</u>	<u>(7,543)</u>
<b>Public Works:</b>				
Public improvements	12,490	10,410	10,075	335
Public Works Department	<u>48,340</u>	<u>56,900</u>	<u>56,984</u>	<u>(84)</u>
Total Public Works	<u>60,830</u>	<u>67,310</u>	<u>67,059</u>	<u>251</u>
<b>Sanitation:</b>				
Rubbish/recycling	<u>8,220</u>	<u>9,520</u>	<u>8,690</u>	<u>830</u>
<b>Culture -- Recreation:</b>				
Library	161,870	169,070	168,484	586
Pool	75,870	62,780	62,746	34
Parks	242,910	271,660	277,779	(6,119)
Boys Scouts	1,600	1,590	1,490	100
Festival/recreation	25,570	39,200	33,729	5,471
Urban forestry	<u>87,470</u>	<u>106,750</u>	<u>107,177</u>	<u>(427)</u>
Total Culture -- Recreation	<u>595,290</u>	<u>651,050</u>	<u>651,405</u>	<u>(355)</u>
Total expenditures	<u>1,474,480</u>	<u>1,516,420</u>	<u>1,457,575</u>	<u>58,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(149,720)</u>	<u>(172,420)</u>	<u>(170,042)</u>	<u>2,378</u>
<b>Other financing sources (uses):</b>				
Transfers in	129,500	188,200	180,251	(7,949)
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	
Total other financing sources (uses)	<u>114,500</u>	<u>173,200</u>	<u>165,251</u>	<u>(7,949)</u>
Net change in fund balance	(35,220)	780	(4,791)	<u>(5,571)</u>
Fund balance -- beginning of year			<u>12,674</u>	
Fund balance -- end of year			<u>\$ 7,883</u>	

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**MAJOR STREET SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
State Highway Funds - Act 51	\$ 155,000	\$ 146,000	\$ 162,481	\$ 16,481
State Highway Funds - trunkline maintenance	10,000	10,300	9,281	(1,019)
<b>Miscellaneous:</b>				
Sales to individuals	10,000			
Interest	<u>500</u>	<u>2,700</u>	<u>2,167</u>	<u>(533)</u>
Total revenues	<u>175,500</u>	<u>159,000</u>	<u>173,929</u>	<u>14,929</u>
<b>Expenditures:</b>				
Administration	70,330	25,000	24,502	498
Maintenance	46,860	83,720	85,902	(2,182)
Traffic	12,840	5,180	4,834	346
Winter maintenance	15,880	11,660	11,673	(13)
223 Highway	13,830	18,420	18,519	(99)
Municipal street lighting	<u>24,000</u>	<u>26,800</u>	<u>24,927</u>	<u>1,873</u>
Total expenditures	<u>183,740</u>	<u>170,780</u>	<u>170,357</u>	<u>423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,240)</u>	<u>(11,780)</u>	<u>3,572</u>	<u>15,352</u>
<b>Other financing sources (uses):</b>				
Transfers in	24,000	27,000	26,800	(200)
Transfers out		<u>(39,740)</u>	<u>(36,945)</u>	<u>2,795</u>
Total other financing sources (uses)	<u>24,000</u>	<u>(12,740)</u>	<u>(10,145)</u>	<u>2,595</u>
Net change in fund balance	15,760	(24,520)	(6,573)	17,947
Fund balance - beginning of year			<u>127,179</u>	
Fund balance - end of year			<u>\$ 120,606</u>	

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**LOCAL STREET SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 385,540	\$ 390,000	\$ 373,403	\$ (16,597)
<b>Intergovernmental:</b>				
State Highway Funds – Act 51	53,700	51,700	56,746	5,046
<b>Miscellaneous:</b>				
Sales to individuals	30,000			
Interest	15,000	13,500	17,580	4,080
Miscellaneous	<u>13,000</u>	<u>10,100</u>	<u>10,045</u>	<u>(55)</u>
Total revenues	<u>497,240</u>	<u>465,300</u>	<u>457,774</u>	<u>(7,526)</u>
<b>Expenditures:</b>				
Administration	365,450	82,000	81,002	998
Maintenance	77,370	59,120	57,188	1,932
Traffic	11,240	6,050	5,289	761
Winter maintenance	14,680	11,420	11,385	35
Municipal street lighting	<u>29,000</u>	<u>32,620</u>	<u>30,152</u>	<u>2,468</u>
Total expenditures	<u>497,740</u>	<u>191,210</u>	<u>185,016</u>	<u>6,194</u>
Excess of revenues over expenditures	<u>(500)</u>	<u>274,090</u>	<u>272,758</u>	<u>(1,332)</u>
<b>Other financing uses:</b>				
Transfers in	16,100	16,100		(16,100)
Transfers out		<u>(321,800)</u>	<u>(304,948)</u>	<u>16,852</u>
Total other financing uses (sources)	<u>16,100</u>	<u>(305,700)</u>	<u>(304,948)</u>	<u>752</u>
Net change in fund balance	15,600	(31,610)	<u>(32,190)</u>	(580)
Fund balance – beginning of year			<u>416,297</u>	
Fund balance – end of year			<u>\$ 384,107</u>	

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUNDS**

**September 30, 2007**

**(With Comparative Figures from September 30, 2006)**

<u>ASSETS</u>	<u>Business Type Activity - Enterprise Fund</u>		<u>Governmental Activity - Internal Service Fund</u>	
	<u>Utility</u>		<u>Motor Vehicle</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Current assets:</b>				
Cash/savings accounts	\$ 123,868	\$ 50,801	\$ 44,654	\$ 43,391
Investments	781		75,312	71,774
Accounts receivable	184,737	117,415		
Due from other funds	19	19	5	560
Inventory	<u>35,712</u>	<u>30,832</u>		
Total current assets	<u>345,117</u>	<u>199,067</u>	<u>119,971</u>	<u>115,725</u>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Cash/savings accounts	41,305	6,516		
Investments	<u>76,820</u>	<u>134,542</u>		
Total restricted assets	<u>118,125</u>	<u>141,058</u>	<u>-</u>	<u>-</u>
<b>Capital assets:</b>				
Utility systems	14,227,676	14,227,676		
Equipment	199,356	199,356	911,603	863,611
Less: Accumulated depreciation	<u>(2,941,307)</u>	<u>(2,679,355)</u>	<u>(749,275)</u>	<u>(696,296)</u>
Total capital assets – net	<u>11,485,725</u>	<u>11,747,677</u>	<u>162,328</u>	<u>167,315</u>
Total noncurrent assets	<u>11,603,850</u>	<u>11,888,735</u>	<u>162,328</u>	<u>167,315</u>
Total assets	<u>\$ 11,948,967</u>	<u>\$ 12,087,802</u>	<u>\$ 282,299</u>	<u>\$ 283,040</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUNDS**

**September 30, 2007**

**(With Comparative Figures for September 30, 2006)**

<b>LIABILITIES AND NET ASSETS</b>	<b>Business Type Activity - Enterprise Fund</b>		<b>Governmental Activity - Internal Service Fund</b>	
	<b>Utility</b>		<b>Motor Vehicle</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Current liabilities:</b>				
Accounts payable	\$ 9,271	\$ 26,134	\$ 7,747	\$ 2,177
Accrued expenses	24,601	23,819	1,204	637
Customer deposits	48,942	38,979		
Due to other funds	205,208	208	123	
Revenue bonds payable	105,000	105,000		
General obligation bonds payable	255,000	250,000		
Accumulated leave	<u>17,874</u>	<u>15,380</u>		
Total current liabilities	<u>665,896</u>	<u>459,520</u>	<u>9,074</u>	<u>2,814</u>
<b>Current liabilities payable from restricted assets:</b>				
Accrued interest	<u>5,292</u>	<u>5,291</u>	<u>-</u>	<u>-</u>
<b>Noncurrent liabilities:</b>				
Revenue bonds payable	1,956,011	2,056,011		
General obligation bonds payable	<u>3,620,000</u>	<u>3,875,000</u>		
Total noncurrent liabilities	<u>5,576,011</u>	<u>5,931,011</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,247,199</u>	<u>6,395,822</u>		<u>2,814</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	5,549,714	5,461,666	162,328	167,315
Restricted for debt service	112,833	135,767		
Unrestricted	<u>39,221</u>	<u>94,547</u>	<u>110,897</u>	<u>112,911</u>
Total net assets	<u>\$ 5,701,768</u>	<u>\$ 5,691,980</u>	<u>\$ 273,225</u>	<u>\$ 280,226</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended September 30, 2007

(With Comparative Figures for September 30, 2006)

	<b>Business Type Activity - Enterprise Fund</b>		<b>Governmental Activity - Internal Service Fund</b>	
	<b>Utility</b>		<b>Motor Vehicle</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Operating revenues:</b>				
Sales	\$ 1,640,699	\$ 1,257,478	\$ 126,761	\$ 124,018
Equipment rental			20,000	
Service charges	23,560	23,486		
Tank water	31,730	39,951		
Interest/late charges	28,094	26,465	4,017	2,651
Miscellaneous	5,711	13,457	4,340	12,107
Total operating revenues	<u>1,729,794</u>	<u>1,360,837</u>	<u>155,118</u>	<u>138,776</u>
<b>Operating expenses:</b>				
Administration	114,607	124,465		
Water Department	697,904	449,075		
Sewer Department	237,842	254,457		
Collection – sewer	96,865	67,857		
Wages and fringes			28,904	27,642
Materials and supplies			38,943	34,983
Maintenance and repairs			22,531	19,897
Insurance			8,390	8,140
Depreciation	261,953	263,458	52,979	54,567
Miscellaneous			372	7,898
Total operating expenses	<u>1,409,171</u>	<u>1,159,312</u>	<u>152,119</u>	<u>153,127</u>
Operating income	<u>320,623</u>	<u>201,525</u>	<u>2,999</u>	<u>(14,351)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest expense	(175,535)	(180,554)		
Bond agent expense	(300)	(300)		
Transfers out	<u>(135,000)</u>		<u>(10,000)</u>	
Total nonoperating revenues (expenses)	<u>(310,835)</u>	<u>(180,854)</u>	<u>(10,000)</u>	<u>-</u>
Change in net assets	9,788	20,671	(7,001)	(14,351)
Total net assets -- beginning of year	<u>5,691,980</u>	<u>5,671,309</u>	<u>280,226</u>	<u>294,577</u>
Total net assets -- end of year	<u>\$ 5,701,768</u>	<u>\$ 5,691,980</u>	<u>\$ 273,225</u>	<u>\$ 280,226</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**For the Year Ended September 30, 2007  
(With Comparative Figures for September 30, 2006)**

**INCREASE IN CASH AND CASH EQUIVALENTS**

	<b>Business Type Activity - Enterprise Fund</b>		<b>Governmental Activity - Internal Service Fund</b>	
	<b>Utility</b>		<b>Motor Vehicle</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 1,634,378	\$ 1,335,734	\$ 151,656	\$ 138,886
Cash paid to suppliers/employees	(950,722)	(853,946)	(92,880)	(97,449)
Interest received	<u>28,094</u>	<u>26,465</u>	<u>4,017</u>	
Net cash provided by operating activities	<u>711,750</u>	<u>508,253</u>	<u>62,793</u>	<u>41,327</u>
<b>Cash flows from capital and related financing activities:</b>				
Capital expenditures			(47,992)	(27,650)
Bonds paid off	(350,000)	(345,000)		
Interest expense	(175,535)	(184,648)		
Bond agent fees	(300)	(300)		
Transfers out	<u>(135,000)</u>		<u>(10,000)</u>	
Net cash used in capital and related financing activities	<u>(660,835)</u>	<u>(529,948)</u>	<u>(57,992)</u>	<u>(27,650)</u>
Net increase in cash and cash equivalents	50,915	(21,695)	4,801	13,677
Cash and cash equivalents at beginning of year	<u>191,859</u>	<u>213,554</u>	<u>115,165</u>	<u>101,488</u>
Cash and cash equivalents at end of year	<u>\$ 242,774</u>	<u>\$ 191,859</u>	<u>\$ 119,966</u>	<u>\$ 115,165</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2007  
(With Comparative Figures for September 30, 2006)

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

	<u>Business Type Activity - Enterprise Fund</u>		<u>Governmental Activity - Internal Service Fund</u>	
	<u>Utility</u>		<u>Motor Vehicle</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Operating income	\$ 320,623	\$ 201,525	\$ 2,999	\$ (14,351)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Depreciation	261,953	263,458	52,979	54,567
<b>Change in Assets and Liabilities:</b>				
(Increase) decrease in accounts receivable	(67,322)	1,362		
(Increase) decrease in due from other funds			555	
(Increase) decrease in inventory	(4,880)	(2,853)	6,260	
Increase (decrease) in accounts payable and other liabilities	198,882	42,831		1,111
Increase (decrease) in accrued leave	<u>2,494</u>	<u>1,930</u>		
Total adjustments	<u>391,127</u>	<u>306,728</u>	<u>59,794</u>	<u>55,678</u>
Net cash provided by operating activities	<u>\$ 711,750</u>	<u>\$ 508,253</u>	<u>\$ 62,793</u>	<u>\$ 41,327</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS – AGENCY TYPE**

**September 30, 2007**

<u>ASSETS</u>	<u>Trust And Agency</u>	<u>Payroll</u>	<u>Garbage Collection</u>
Cash/savings accounts	\$ 390	\$ 63,729	\$ 6,651
Due from other funds		3,509	
Inventory – tags			577
Total assets	<u>\$ 390</u>	<u>\$ 67,238</u>	<u>\$ 7,228</u>
<u>LIABILITIES AND NET ASSETS</u>			
Due to other funds	\$ 390	\$ 40,000	\$ 7,228
Due to other governments		3,417	
Pension payable – deferred		23,821	
Total liabilities	<u>\$ 390</u>	<u>\$ 67,238</u>	<u>\$ 7,228</u>
Net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF BLISSFIELD, MICHIGAN

### NOTES TO FINANCIAL STATEMENTS

September 30, 2007

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Blissfield, Michigan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

##### A. Reporting Entity

The Village of Blissfield is a Michigan Municipal Corporation governed by the Village Council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

##### Discretely presented component unit.

Downtown Development Authority (DDA) was created as a separate legal entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and any capital projects of DDA. Prior approval by the Village is needed on any taxation by DDA. And, the Village's approval is needed for any borrowing done by DDA. The Downtown Development Authority is presented as a governmental fund type.

Separate financial statements for the component unit are not available.

##### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and a major individual utility fund are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Streets Fund* is a Special Revenue Fund that receives State and local funding for the purpose of construction and maintenance of Village streets designated as major streets under State of Michigan Act 51 of Public Acts of 1951.

The *Local Streets Fund* is a Special Revenue Fund that receives State and local funding for the purpose of construction and maintenance of Village streets designated as local streets under State of Michigan Act 51 of Public Acts of 1951. Also, receives property tax revenue restricted for street improvements.

The government reports the following major proprietary fund:

The *Utility Fund* accounts for the acquisition, operation, and maintenance of the Village's sewage treatment plant, pumping stations, and collection systems, and the water plant and water distribution system.

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds and trust funds.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

*Special Revenue Funds* (Building Inspection and Library Trust) are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The *Internal Service Fund* (Motor Vehicle) accounts for equipment expense by which other government funds reimburse through equipment rental charges.

*Permanent Funds* (Police Equipment, Bachmayer Little League, and Clara Bachmayer Memorial Park) are fiduciary fund types used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs – that is the benefit of the Village or its citizenry.

*Fiduciary Funds – Agency Type* (Trust and Agency, Payroll, and Garbage Collection) account for assets held by the Village acting as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities (utility and motor vehicle funds), subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Village's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, liabilities, and net assets or equity.**

**1. Cash and investments**

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Village Council will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village had one advance between funds at September 30, 2007.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

# **VILLAGE OF BLISSFIELD, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**September 30, 2007**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes are levied as of July 1 on property values assessed as of the prior December 1. The billing is mailed on July 1 and is considered due upon receipt by the taxpayer; however, the actual due date is September 14. A lien on property occurs when property taxes are levied (July 1). On September 14, the bill becomes delinquent and penalties and interest may be assessed by the government.

The Village had a general tax millage of 9.7315 for 2007. The Village's maximum allowable millage is 12.5 mills. It also levied 4.5271 mills for the general highway fund of which the maximum allowable is 5 mills.

Delinquent real property taxes are turned over to the County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60 day rule.

#### **3. Inventories and prepaid items**

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **4. Restricted assets**

Certain proceeds of utility fund revenue bonds and general obligations bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond interest and redemption account is used to segregate resources accumulated for debt service payments. The bond reserve account is used to report resources set aside to make debt service payment on bonds which would otherwise be in default.

#### **5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20 – 50
Buildings	50
Machinery, equipment, and furnishings	10 – 20
Utility systems	10 – 100
Infrastructure	20 – 100

#### 6. Compensated absences

Employees of the Village can accumulate paid time off (PTO) up to a maximum of 150% of the number of accrued PTO hours per longevity schedule in employee contract, and employees have a vested right to 100% of accumulated paid time off in the event of death or retirement, and have a 50% vested right to accumulative sick leave.

The current portion (the amount normally expected to be liquidated with expendable available financial resources) of accrued sick and PTO are shown as a liability and expenditure in the applicable governmental fund types. The entire accrued sick and PTO pay related to governmental fund types is reported in the government-wide statements.

In the proprietary funds as well as in the government-wide statements, the vested sick and PTO pay are recorded as an expense and liability of those funds as the benefits accrue to employees.

#### 7. Long-term obligations

In the governmental-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary information

The accounting basis used by the Village for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Village follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Village have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

#### B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended September 30, 2007, the Village incurred expenditures in several funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
<b>Public safety:</b>			
Police	\$ 474,380	\$ 481,971	\$ 7,591
<b>Public Works:</b>			
Public Works Department	56,900	56,984	84
<b>Culture - Recreation:</b>			
Parks	271,660	277,779	6,119
Urban forestry	106,750	107,177	427
<b>Major Street Fund:</b>			
Maintenance	83,720	85,902	2,182
Winter maintenance	11,660	11,673	13
223 Highway	18,420	18,519	99
<b>Capital Projects Fund:</b>			
Miscellaneous		35	35
<b>Building Inspection Fund:</b>			
Inspections	45,950	46,304	354
<b>Library Trust Fund:</b>			
Library	16,560	21,685	5,125

These additional expenditures were funded by greater than anticipated revenues. The majority of funds had budgets exceeding actual expenditures.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of September 30, 2007, the Village had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Matures</u> <u>(In Years)</u> <u>0 - 5</u>
Certificates of Deposit	\$ 323,232	\$ 323,232
Money Market	<u>1,157,320</u>	<u>1,157,320</u>
	<u>\$ 1,480,552</u>	<u>\$ 1,480,552</u>

*Interest Rate Risk* – Currently, the Village limits this risk by having many of the above investments with short term maturities; many have less than one year.

*Credit Risk* – The Village limits credit risk by allowing investments and deposits only in certificates of deposit, money market accounts, savings accounts, and checking accounts.

*Concentrations of Credit Risk* – The Village's investment policy does not limit the amount of investment with any one issuer. The Village has approximately 96% of its deposits with Blissfield State Bank at September 30, 2007. LaSalle Bank held 76% of the Village's investments and United Bank and Trust held 24% of the investments at September 30, 2007. In the majority of cases, one of these three banks account for the majority of investments or deposits in a particular fund of the Village.

*Custodial Credit Risk – Deposits* – Custodial Credit Risk is the risk that in the event of a bank failure, the deposits or investments may not be fully returned to the Village. Neither the Village nor the discretely presented component unit have a policy limiting custodial credit risk, other than authorizing the depositories used. As of September 30, 2007, the Village's total bank balance of \$897,912 had exposure to custodial credit risk on \$787,168 of this balance because it was uninsured.

*Custodial Credit Risk – Investments* – As of September 30, 2007, the investments of the Village totaled \$1,480,552. Of this balance \$1,280,522 was exposed to custodial credit risk because they were uninsured.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 3. DETAILED NOTES ON ALL FUNDS

B. Receivables

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Utility Fund</u>	<u>Total</u>
<b>Receivables:</b>					
Accounts	\$ 54,784	\$	\$	\$ 184,737	\$ 239,521
Special assessments		3,299	106,394		109,693
Gross receivables	54,784	3,299	106,394	184,737	349,214
Less: Allowance for uncollectibles	-	-	-	-	-
Net total receivables	<u>\$ 54,784</u>	<u>\$ 3,299</u>	<u>\$ 106,394</u>	<u>\$ 184,737</u>	<u>\$ 349,214</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### C. Capital assets

Capital asset activity for the year ended September 30, 2007 was as follows:

#### Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 298,271	\$	\$	\$ 298,271
Total capital assets, not being depreciated	<u>298,271</u>	<u></u>	<u></u>	<u>298,271</u>
Capital assets, being depreciated:				
Land improvements	678,720	183,198		861,918
Buildings	1,028,935			1,028,935
Equipment, furniture, and books	1,497,537	47,992		1,545,529
Infrastructure	<u>11,193,955</u>	<u></u>	<u></u>	<u>11,193,955</u>
Total capital assets, being depreciated	<u>14,399,147</u>	<u>231,190</u>	<u>-</u>	<u>14,630,337</u>
Less: Accumulated depreciation for:				
Land improvements	(288,661)	(14,796)		(303,457)
Buildings	(604,608)	(20,678)		(625,286)
Equipment, furniture, and books	(1,119,602)	(92,320)		(1,211,922)
Infrastructure	<u>(5,968,714)</u>	<u>(594,624)</u>	<u></u>	<u>(6,563,338)</u>
Total accumulated depreciation	<u>(7,981,585)</u>	<u>(722,418)</u>	<u>-</u>	<u>(8,704,003)</u>
Total capital assets, being depreciated, net	<u>6,417,562</u>	<u>(491,228)</u>	<u>-</u>	<u>5,926,334</u>
Governmental activities, capital assets - net	<u>\$ 6,715,833</u>	<u>\$ (491,228)</u>	<u>\$ -</u>	<u>\$ 6,224,605</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Utility systems	\$ 14,227,676	\$	\$	\$ 14,227,676
Equipment	<u>199,356</u>	<u>          </u>	<u>          </u>	<u>199,356</u>
Total capital assets, being depreciated	<u>14,427,032</u>	<u>          </u>	<u>-</u>	<u>14,427,032</u>
Less: Accumulated depreciation for:				
Utility systems	(2,542,493)	(247,329)		(2,789,822)
Equipment	<u>(136,862)</u>	<u>(14,623)</u>	<u>          </u>	<u>(151,485)</u>
Total accumulated depreciation	<u>(2,679,355)</u>	<u>(261,952)</u>	<u>-</u>	<u>(2,941,307)</u>
Total capital assets, being depreciated – net	<u>\$ 11,747,677</u>	<u>\$ (261,952)</u>	<u>\$ -</u>	<u>\$ 11,485,725</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 25,498
Public safety	27,544
Culture and recreation	74,054
Highways and streets	<u>595,322</u>
Total depreciation expense – governmental activities	<u>\$ 722,418</u>
<b>Business-type activities:</b>	
Utility systems	<u>\$ 261,952</u>
Total depreciation expense – business-type activities	<u>\$ 261,952</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Construction commitments

The government has no active construction commitments as of September 30, 2007.

Discretely presented component unit:

Capital asset activity for the Downtown Development Authority (DDA) for the year ended September 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements --				
parking lots	\$ 869,885	\$	\$	\$ 869,885
Less: Accumulated				
depreciation for:				
Land improvements --				
parking lots	<u>(166,046)</u>	<u>(17,398)</u>	<u>          </u>	<u>(183,444)</u>
DDA capital assets -- net	<u>\$ 703,839</u>	<u>\$ (17,398)</u>	<u>\$ -</u>	<u>\$ 686,441</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### D. Interfund receivables, payables, and transfers

##### Primary Government

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 5,117	Clara Bachmayer	\$ 5,117
General	3,282	Little League	3,282
General	90	Capital projects	90
General	208	Utility	208
General	6,867	Police Trust	6,867
Major street	5,379	Local street	5,379
Local Street	205,000	Utility	205,000
Motor vehicle	5	Local street	5
Utility	<u>19</u>	General	<u>19</u>
Total primary government	<u>\$ 225,967</u>		<u>\$ 225,967</u>

Advance to/from other funds:

<u>Fund</u>	<u>Advance Receivable</u>	<u>Fund</u>	<u>Advance Payable</u>
Local street	<u>\$ 128,000</u>	General	<u>\$ 128,000</u>

Terms on this loan/advance are - ten (10) year payback period with annual payment of \$16,088 (including interest at 0.1%), commencing March 31, 2007. Proceeds from this advance were used to purchase property.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Interfund transfers:**

<b>Transfers out:</b>	<b><u>Transfers In</u></b>				
	<b><u>General</u></b>	<b><u>Major Street</u></b>	<b><u>Capital Projects</u></b>	<b><u>Debt Service</u></b>	<b><u>Total</u></b>
Utility	\$ 110,000	\$	\$ 25,000	\$	\$ 135,000
Local street	60,000	26,800	35,000	183,148	304,948
Little League	3,282				3,282
Clara Bachmayer	5,116				5,116
Major street			15,000	21,945	36,945
Police trust	1,853				1,853
General			15,000		15,000
Motor Vehicle			10,000		10,000
	<u>\$ 180,251</u>	<u>\$ 26,800</u>	<u>\$ 100,000</u>	<u>\$ 205,093</u>	<u>\$ 512,144</u>

**E. Long-term debt**

**General Obligation Bonds**

The Village has issued general obligation bonds to finance capital improvements related to streets, parking lots, and utility systems. The original amount of general obligation bonds issued in prior years was \$5,500,000. During the year, general obligation bonds and purchase contract totaling \$3,150,000 were issued.

Also, Downtown Development Authority (DDA) has issued a limited general obligation bond issue for \$685,000 for construction of parking lots.

Annual debt service requirements to maturity for general obligation bonds and contract purchase are as follows:

<b>Year Ending September 30</b>	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Component Unit – DDA</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2008	\$ 110,000	\$ 117,730	\$ 255,000	\$ 96,875	\$ 58,336	\$ 35,361
2009	115,000	114,320	265,000	90,500	64,041	31,855
2010	120,000	110,525	270,000	83,875	69,775	27,972
2011	125,000	106,325	275,000	77,125	75,536	23,711
2012	130,000	101,700	285,000	70,250	81,327	19,070
2013 – 2017	745,000	424,644	1,520,000	241,500	207,146	27,479
2018 – 2022	530,000	172,476	1,005,000	50,750		
2023 – 2025	430,000	32,940				
	<u>\$ 2,305,000</u>	<u>\$ 1,180,660</u>	<u>\$ 3,875,000</u>	<u>\$ 710,875</u>	<u>\$ 556,161</u>	<u>\$ 165,448</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds and purchase contract currently outstanding are as follows:

<u>Purpose:</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities	3.73% - 4.48%	\$ 2,305,000
Business-type activities	2.5%	<u>3,875,000</u>
Total – Primary Government		\$ 6,180,000
Component unit (DDA)	3.73% - 6.965%	<u>556,161</u>
Total		<u>\$ 6,736,161</u>

The Village also has issued bonds where the Village has pledged income derived from the acquired or constructed assets to pay debt service. In prior years, the Village has issued revenue bonds totaling \$2,716,033 to finance construction projects for both the water and wastewater systems.

Revenue bonds outstanding at September 30, 2007 are as follows:

<u>Purpose:</u>	<u>Interest Rate</u>	<u>Amount</u>
Wastewater Treatment Plant improvements	5.1436%	\$ 815,000
Water System improvements	2.5%	<u>1,246,011</u>
Total		<u>\$ 2,061,011</u>

Revenue bond debt service requirements to maturity are as follows

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 105,000	\$ 73,281
2009	105,000	70,181
2010	110,000	67,056
2011	115,000	63,731
2012	115,000	60,166
2013 – 2017	650,000	243,599
2018 – 2022	576,011	134,507
2023 – 2027	<u>285,000</u>	<u>46,280</u>
Total	<u>\$ 2,061,011</u>	<u>\$ 758,801</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 2,410,000	\$	\$ (105,000)	\$ 2,305,000	\$ 110,000
Accrued sick and vacation	<u>102,084</u>	<u>          </u>	<u>(9,080)</u>	<u>93,004</u>	<u>67,770</u>
Governmental activity - long-term liability	<u>\$ 2,512,084</u>	<u>\$ -</u>	<u>\$ (114,080)</u>	<u>\$ 2,398,004</u>	<u>\$ 177,770</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 4,125,000	\$	\$ (250,000)	\$ 3,875,000	\$ 255,000
Revenue bonds	<u>2,161,011</u>	<u>          </u>	<u>(100,000)</u>	<u>2,061,011</u>	<u>105,000</u>
Total bonds payable	6,286,011	-	(350,000)	5,936,011	360,000
Accrued sick and vacation	<u>15,380</u>	<u>2,494</u>	<u>          </u>	<u>17,874</u>	<u>          </u>
Business-type activity - long-term liability	<u>\$ 6,301,391</u>	<u>\$ 2,494</u>	<u>\$ (350,000)</u>	<u>\$ 5,953,885</u>	<u>\$ 360,000</u>

CHANGES IN LONG TERM LIABILITIES

Component unit (DDA):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component unit – long term liabilities	<u>\$ 608,817</u>	<u>\$ -</u>	<u>\$ 52,656</u>	<u>\$ 556,161</u>	<u>\$ 58,336</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Segment information**

The Village maintains two Utility Systems which provide water and sewer services. Segment information for the year ended September 30, 2007 is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 887,211	\$ 842,583	\$ 1,729,794
Depreciation expense and amortization	203,910	58,043	261,953
Operating income	(29,577)	350,200	320,623
Net income	(162,782)	172,570	9,788
Property, plant, and equipment additions	-	-	-
Net working capital	12,668	26,553	39,221
Total assets	7,889,791	4,059,176	11,948,967
<b>Bonds and other long term liabilities:</b>			
Payable from operating revenues	5,121,011	815,000	5,936,011
Total net assets	\$ 2,613,186	\$ 3,088,582	\$ 5,701,768

**NOTE 4. OTHER INFORMATION**

**Retirement Plan**

**A. Plan description**

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is the Gabriel, Roeder, Smith & Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Blissfield, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 4. OTHER INFORMATION (Continued)

**B. Funding policy**

Employees make no contributions to the MERS Plan. The Village is required to contribute the actuarially determined amount each year. The current contribution rate is 11.6% of annual covered payroll. The contribution requirements of the Village of Blissfield are established and may be amended by the Board of Trustees of MERS.

**C. Annual pension cost**

For the year ended September 30, 2007, the Village's required annual pension contribution was \$106,601. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

[a] 8.0% investment rate of return,

[b] projected salary increases of 4.5% per year compounded annually,

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

The unfunded actuarial accrual liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period is 29 years.

**Three Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Recognized</b>	<b>Net Pension Obligation</b>
6/30/05	110,903	100%	-0-
6/30/06	90,697	100%	-0-
6/30/07	106,601	100%	-0-

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE 4. OTHER INFORMATION (Continued)**

**D. Actuarial Accrued Liability (as of 12/31/06)**

Retirees and beneficiaries currently receiving benefits	\$ 638,400
Terminated employees not yet receiving benefits	77,646
Current employees --	
Accumulated employee contributions including	324,050
allocated investment income	<u>1,429,715</u>
Employer financed	
Total Actuarial Accrued Liability	2,469,811
Net Assets Available for Benefits at Actuarial Value	<u>2,159,162</u>
(Market Value is \$2,189,366)	
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ 310,649</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**

September 30, 2007

**VILLAGE'S DEFINED BENEFIT PENSION PLAN (MERS)**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets [a]</b>	<b>Actuarial Accrued Liability (AAL) Entry Age [b]</b>	<b>Unfunded AAL (UAAL) [b-a]</b>	<b>Funded Ratio [a/b]</b>	<b>Covered Payroll [c]</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/03	\$ 1,689,353	\$ 2,022,091	\$ 332,738	83.5%	\$ 756,260	44.0%
12/31/04	1,821,268	2,166,171	344,903	84.1%	783,506	44.0%
12/31/05	1,972,761	2,365,724	392,963	83.3%	797,967	49.2%
12/31/06	2,159,162	2,469,811	310,649	87.4%	895,859	34.6%

VILLAGE OF BLISSFIELD, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2007

	CAPITAL PROJECTS	DEBT SERVICE		SPECIAL REVENUE FUNDS			PERMANENT FUNDS				Total Nonmajor Governmental Funds
		Capital Projects	Debt Service	Building Inspection	Library	Total	Police Equipment	Bachmayer Little League	Clara Bachmayer Memorial Park	Total	
ASSETS:											
Cash	\$ 101,272	\$ 6,043	\$ 29,344	\$ 8,016	\$ 37,360	\$ 1,134	\$ 26,855	\$ 39,537	\$ 56,474	\$ 1,134	\$ 145,809
Investments				232,108	232,108	26,855				122,866	354,974
Total assets	\$ 101,272	\$ 6,043	\$ 29,344	\$ 240,124	\$ 269,468	\$ 27,989	\$ 39,537	\$ 56,474	\$ 56,474	\$ 124,000	\$ 500,783
LIABILITIES:											
Accounts payable	\$	\$	\$ 1,736	\$ 4,766	\$ 6,502	\$	\$	\$	\$	\$	\$ 6,502
Accrued payroll			1,645		1,645				5,117	15,266	1,645
Due to other funds	90					6,867		3,282			15,356
Total liabilities	90	-	3,381	4,766	8,147	6,867	3,282	3,282	5,117	15,266	23,503
FUND BALANCES:											
Reserved for police Equipment						21,122		36,000		21,122	21,122
Reserved for little league Reserved for Memorial Park									51,000	51,000	51,000
Reserved for capital Projects	101,182	6,043									101,182
Reserved for Debt Service			25,963	235,358	261,321			255	357	612	6,043
Unreserved, undesignated				235,358	261,321	21,122		36,255	51,357	108,734	261,933
Total fund balances	101,182	6,043	25,963	235,358	261,321	21,122		36,255	51,357	108,734	477,280
Total liabilities and fund balances	\$ 101,272	\$ 6,043	\$ 29,344	\$ 240,124	\$ 269,468	\$ 27,989	\$ 39,537	\$ 56,474	\$ 56,474	\$ 124,000	\$ 500,783

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2007

	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE FUNDS			PERMANENT FUNDS				Total Nonmajor Governmental Funds
			Building Inspection	Library	Total	Police Equipment	Bachmayer Little League	Clara Bachmayer Memorial Park	Total	
Revenues:										
Interest	\$ 144	\$ 64	\$ 291	\$ 10,864	\$ 11,155	\$ 1,254	\$ 1,846	\$ 2,637	\$ 5,737	\$ 17,100
Gifts				2,098	2,098					2,098
Fines				3,519	3,519					3,519
Licenses, fees and charges for services:										
Fee revenue			64,755	2,606	64,755					64,755
Miscellaneous					2,606					2,606
Total revenues	144	64	65,046	19,087	84,133	1,254	1,846	2,637	5,737	90,078
Expenditures:										
Current:										
Public safety:										
Inspections			46,304		46,304					46,304
Culture and recreation:				21,685	21,685					21,685
Library										
Other										
Debt Service:										
Principal		105,000								105,000
Interest and agent fees		100,092								100,092
Other	35									35
Total expenditures	35	205,092	46,304	21,685	67,989					273,116
Excess (deficiency) of revenues over (under) expenditures	109	(205,028)	18,742	(2,598)	16,144	1,254	1,846	2,637	5,737	(183,038)
Other financing sources:										
Transfers in	100,000	205,092				(1,853)	(3,282)	(5,117)	(10,252)	305,092
Transfers out						(599)	(1,436)	(2,480)	(4,515)	(10,252)
Net change in fund balances	100,109	64	18,742	(2,598)	16,144					111,802
Fund balances -- beginning of year	1,073	5,979	7,221	237,956	245,177	21,721	37,691	53,837	113,249	365,478
Fund balances -- end of year	\$ 101,182	\$ 6,043	\$ 25,963	\$ 235,358	\$ 261,321	\$ 21,122	\$ 36,255	\$ 51,357	\$ 108,734	\$ 477,280

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest	\$ -	\$ 10	\$ 144	\$ 134
Total revenues	-	10	144	134
<b>Expenditures:</b>				
Miscellaneous	-	-	35	(35)
Total expenditures	-	-	35	(35)
Excess (deficiency) of revenues over (under) expenditures	-	10	109	99
<b>Other financing sources:</b>				
Transfers in	100,000	100,000	100,000	
Net change in fund balance	100,000	100,010	100,109	99
Fund balance - beginning of year			1,073	
Fund balance - end of year			\$ 101,182	

**VILLAGE OF BLISSFIELD, MICHIGAN**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest	\$ -	\$	\$ 64	\$ 64
Total revenues	-		64	64
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal	105,000	105,000	105,000	-
Interest	121,280	100,100	100,092	8
Bond agent fees				
Total expenditures	226,280	205,100	205,092	8
Excess (deficiency) of revenues over (under) expenditures			(205,028)	72
<b>Other financing sources:</b>				
Transfers in	226,300	205,100	205,092	(8)
Net change in fund balance	20	-	64	64
Fund balance – beginning of year			5,979	
Fund balance – end of year			\$ 6,043	

VILLAGE OF BLISSFIELD, MICHIGAN

BUILDING INSPECTION SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL

For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Fee revenue	\$ 41,500	\$ 62,950	\$ 64,755	\$ 1,805
Interest	<u>50</u>	<u>250</u>	<u>291</u>	<u>41</u>
Total revenues	41,550	63,200	65,046	1,846
<b>Expenditures:</b>				
Inspections	<u>41,520</u>	<u>45,950</u>	<u>46,304</u>	<u>(354)</u>
Net change in fund balance	30	17,250	18,742	1,492
Fund balance – beginning of year			<u>7,221</u>	
Fund balance – end of year			<u>\$ 25,963</u>	

VILLAGE OF BLISSFIELD, MICHIGAN

LIBRARY TRUST SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Gifts	\$ 1,400	\$ 2,100	\$ 2,098	\$ (2)
Fines	1,600	3,200	3,519	319
Interest	5,000	10,800	10,864	64
Miscellaneous	<u>1,900</u>	<u>2,410</u>	<u>2,606</u>	<u>196</u>
Total revenues	9,900	18,510	19,087	577
<b>Expenditures:</b>				
Culture and recreation				
Library	<u>180,070</u>	<u>16,560</u>	<u>21,685</u>	<u>(5,125)</u>
Net change in fund balance	(170,170)	1,950	(2,598)	(4,528)
Fund balance - beginning of year			<u>237,956</u>	
Fund balance - end of year			<u>\$ 235,358</u>	

# VILLAGE OF BLISSFIELD, MICHIGAN

## SCHEDULE OF INDEBTEDNESS

September 30, 2007

### PRIMARY GOVERNMENT:

The Village has constructed a new water treatment plant. The construction costs for the plant are being funded by two bond issues – an Unlimited Tax General Obligation Bond Issue of \$5,500,000 and a Water Supply System Revenue Bond Issue of \$971,033.

Also, the Village has an additional bond issue a (Water Supply System Revenue Bond Issue of \$750,000) to fund nitrate removal equipment at the new water treatment plant.

These bond issues were purchased by the Michigan Municipal Bond Authority under the Drinking Water Revolving Fund. Under the purchase contract, the Village will receive the principal proceeds as loan draw-downs as the construction costs are incurred.

\$5,500,000

### VILLAGE OF BLISSFIELD COUNTY OF LENAWE, STATE OF MICHIGAN

#### UNLIMITED TAX GENERAL OBLIGATION WATER SUPPLY SYSTEM BONDS

SEPTEMBER 29, 1998

2.50%

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/07	\$		\$ 48,437.50	\$
04/1/08	255,000.00	2.50%	48,437.50	351,875.00
10/1/08			45,250.00	
04/1/09	265,000.00	2.50%	45,250.00	355,500.00
10/1/09			41,937.50	
04/1/10	270,000.00	2.50%	41,937.50	353,875.00
10/1/10			38,562.50	
04/1/11	275,000.00	2.50%	38,562.50	352,125.00
10/1/11			35,125.00	
04/1/12	285,000.00	2.50%	35,125.00	355,250.00
10/1/12			31,562.50	
04/1/13	290,000.00	2.50%	31,562.50	353,125.00
10/1/13			27,937.50	
04/1/14	295,000.00	2.50%	27,937.50	350,875.00
10/1/14			24,250.00	
04/1/15	305,000.00	2.50%	24,250.00	353,500.00
10/1/15			20,437.50	
04/1/16	310,000.00	2.50%	20,437.50	350,875.00
10/1/16			16,562.50	
04/1/17	320,000.00	2.50%	16,562.50	353,125.00
10/1/17			12,562.50	
04/1/18	325,000.00	2.50%	12,562.50	350,125.00
10/1/18			8,500.00	
04/1/19	335,000.00	2.50%	8,500.00	352,000.00
10/1/19			4,312.50	
04/1/20	345,000.00	2.50%	4,312.50	353,625.00
10/1/20			0.00	
	<u>\$ 3,875,000.00</u>		<u>\$ 710,875.00</u>	<u>\$ 4,585,875.00</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2007**

**PRIMARY GOVERNMENT:**

**\$971,033**

**VILLAGE OF BLISSFIELD  
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WATER SUPPLY SYSTEM REVENUE BONDS  
SERIES 2000**

**SEPTEMBER 29, 1998**

**2.50%**

<b>Payment Date</b>	<b>Principal Due</b>	<b>Interest Rate</b>	<b>Interest Due</b>	<b>Fiscal Year Total</b>
10/1/07	\$		\$ 8,512.91	\$
04/1/08	45,000.00	2.50%	8,512.91	62,025.82
10/1/08			7,950.41	
04/1/09	45,000.00	2.50%	7,950.41	60,900.82
10/1/09			7,387.91	
04/1/10	50,000.00	2.50%	7,387.91	64,775.82
10/1/10			6,762.91	
04/1/11	50,000.00	2.50%	6,762.91	63,525.82
10/1/11			6,137.91	
04/1/12	50,000.00	2.50%	6,137.91	62,275.82
10/1/12			5,512.91	
04/1/13	50,000.00	2.50%	5,512.91	61,025.82
10/1/13			4,887.91	
04/1/14	55,000.00	2.50%	4,887.91	64,775.82
10/1/14			4,200.41	
04/1/15	55,000.00	2.50%	4,200.41	63,400.82
10/1/15			3,512.91	
04/1/16	55,000.00	2.50%	3,512.91	62,025.82
10/1/16			2,825.41	
04/1/17	60,000.00	2.50%	2,825.41	65,650.82
10/1/17			2,075.41	
04/1/18	60,000.00	2.50%	2,075.41	64,150.82
10/1/18			1,325.41	
04/1/19	60,000.00	2.50%	1,325.41	62,650.82
10/1/19			575.41	
04/1/20	46,033.00	2.50%	575.41	47,183.82
10/1/20			0.00	
	<u>\$ 681,033.00</u>		<u>\$ 123,335.66</u>	<u>\$ 804,368.66</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2007**

**PRIMARY GOVERNMENT:**

**\$750,000**

**VILLAGE OF BLISSFIELD  
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WATER SUPPLY SYSTEM REVENUE BONDS**

**SERIES 2001**

**FINAL SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/07		2.500%	7,500.00	
04/1/08	35,000.00		7,500.00	50,000.00
10/1/08		2.500%	7,062.50	
04/1/09	35,000.00		7,062.50	49,125.00
10/1/09		2.500%	6,625.00	
04/1/10	35,000.00		6,625.00	48,250.00
10/1/10		2.500%	6,187.50	
04/1/11	35,000.00		6,187.50	47,375.00
10/1/11		2.500%	5,750.00	
04/1/12	35,000.00		5,750.00	46,500.00
10/1/12		2.500%	5,312.50	
04/1/13	40,000.00		5,312.50	50,625.00
10/1/13		2.500%	4,812.50	
04/1/14	40,000.00		4,812.50	49,625.00
10/1/14		2.500%	4,312.50	
04/1/15	40,000.00		4,312.50	48,625.00
10/1/15		2.500%	3,812.50	
04/1/16	40,000.00		3,812.50	47,625.00
10/1/16		2.500%	3,312.50	
04/1/17	40,000.00		3,312.50	46,625.00
10/1/17		2.500%	2,812.50	
04/1/18	45,000.00		2,812.50	50,625.00
10/1/18		2.500%	2,250.00	
04/1/19	45,000.00		2,250.00	49,500.00
10/1/19		2.500%	1,687.50	
04/1/20	45,000.00		1,687.50	48,375.00
10/1/20		2.500%	1,125.00	
04/1/21	45,000.00		1,125.00	47,250.00
10/1/21		2.500%	562.50	
04/1/22	<u>9,978.00</u>		<u>562.50</u>	<u>11,103.00</u>
	<u>\$ 564,978.00</u>		<u>\$ 126,250.00</u>	<u>\$ 691,228.00</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

September 30, 2007

**PRIMARY GOVERNMENT:**

In 1998-99, the Village paid off the balance of the Wastewater Treatment Revenue Bonds, dated June 1, 1987, with the new Revenue Refunding Bonds. Principal balance on this new issue is \$995,000. A schedule of projected bond payments (including interest) is as follows:

**SCHEDULE OF BONDED DEBT**

**\$995,000**

**VILLAGE OF BLISSFIELD  
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WASTEWATER TREATMENT PLANT IMPROVEMENT  
REVENUE REFUNDING BONDS, 1998 SERIES**

**5.1436%**

<u>Year</u>	<u>Principal Due July 1</u>	<u>Total P&amp;I</u>	<u>Year</u>	<u>Principal Due July 1</u>	<u>Total P&amp;I</u>
2008	\$ 25,000	\$ 66,255	2018	\$ 40,000	\$ 66,220
2009	25,000	65,155	2019	40,000	64,180
2010	25,000	64,030	2020	45,000	67,100
2011	30,000	67,830	2021	45,000	64,760
2012	30,000	66,390	2022	50,000	67,420
2013	30,000	64,950	2023	50,000	64,820
2014	35,000	68,510	2024	55,000	67,220
2015	35,000	66,830	2025	55,000	64,360
2016	35,000	65,045	2026	60,000	66,500
2017	40,000	68,260	2027	65,000	68,380
				<u>\$ 815,000</u>	<u>\$ 1,324,215</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## SCHEDULE OF INDEBTEDNESS

September 30, 2007

### PRIMARY GOVERNMENT:

The Village issued a \$3,000,000 bond issue to finance certain capital improvements to the water, sanitary sewer, and storm water systems and improvements to certain streets. The bond issue has an average interest cost of 4.47942% annually.

The required debt payments follow:

\$3,000,000

### VILLAGE OF BLISSFIELD COUNTY OF LENAWE, STATE OF MICHIGAN

#### 2003 CAPITAL IMPROVEMENT BONDS LIMITED TAX GENERAL OBLIGATION

Payment Date	Principal Due	Interest Rate	Interest Due	Total Payment	Fiscal Year Total
10/1/07	\$		\$ 58,865.00	\$ 58,865.00	\$
04/1/08	110,000.00	3.100%	58,865.00	168,865.00	227,730.00
10/1/08			57,160.00	57,160.00	
04/1/09	115,000.00	3.300%	57,160.00	172,160.00	229,320.00
10/1/09			55,262.50	55,262.50	
04/1/10	120,000.00	3.500%	55,262.50	175,262.50	230,525.00
10/1/10			53,162.50	53,162.50	
04/1/11	125,000.00	3.700%	53,162.50	178,162.50	231,325.00
10/1/11			50,850.00	50,850.00	
04/1/12	130,000.00	3.900%	50,850.00	180,850.00	231,700.00
10/1/12			48,315.00	48,315.00	
04/1/13	135,000.00	4.000%	48,315.00	183,315.00	231,630.00
10/1/13			45,615.00	45,615.00	
04/1/14	140,000.00	4.100%	45,615.00	185,615.00	231,230.00
10/1/14			42,745.00	42,745.00	
04/1/15	155,000.00	4.200%	42,745.00	197,745.00	240,490.00
10/1/15			39,490.00	39,490.00	
04/1/16	155,000.00	4.300%	39,490.00	194,490.00	233,980.00
10/1/16			36,157.50	36,157.50	
04/1/17	160,000.00	4.400%	36,157.50	196,157.50	232,315.00
10/1/17			32,637.50	32,637.50	
04/1/18	170,000.00	4.500%	32,637.50	202,637.50	235,275.00
10/1/18			28,812.50	28,812.50	
04/1/19	175,000.00	4.600%	28,812.50	203,812.50	232,625.00
10/1/19			24,787.50	24,787.50	
04/1/20	185,000.00	4.700%	24,787.50	209,787.50	234,575.00
10/1/20					
04/1/21	195,000.00*				
10/1/21					
04/1/22	200,000.00*				
10/1/22			10,860.00	10,860.00	
04/1/23	210,000.00	5.000%	10,860.00	220,860.00	231,720.00
10/1/23			5,610.00	5,610.00	
04/1/24	220,000.00	5.100%	5,610.00	225,610.00	231,220.00
	<u>\$ 2,305,000.00</u>		<u>\$ 1,180,660.00</u>	<u>\$ 3,485,660.00</u>	<u>\$ 3,485,660.00</u>

\*Not added to total. Paid in fiscal year 2003-2004.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2007**

**COMPONENT UNIT:**

The Downtown Development Authority (DDA) borrowed funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot Project. Total loan is \$150,000 at a 3.73% interest rate.

A payment schedule follows:

**\$150,000**

**VILLAGE OF BLISSFIELD**

**MUNICIPAL PURCHASE CONTRACT**

**DECEMBER 31, 2003**

<b><u>Payment Due</u></b>		<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Fiscal Year Total</u></b>
8/29/2008	\$	14,646.68	\$ 3,599.23	\$ 18,245.91
8/29/2009		15,193.00	3,052.91	18,245.91
8/29/2010		15,759.70	2,486.21	18,245.91
8/29/2011		16,347.54	1,898.73	18,246.27
8/29/2012		16,957.30	1,288.61	18,245.91
8/29/2013		<u>17,589.80</u>	<u>656.10</u>	<u>18,245.90</u>
	\$	<u>96,494.02</u>	<u>12,981.79</u>	<u>109,475.81</u>

The Downtown Development Authority (DDA) may, at its option, prepay the Agreement on any payment due date without premium or penalty.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2007**

**COMPONENT UNIT:**

The Downtown Development Authority (DDA) borrowed additional funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot. The loan is \$34,885 at 4.33% interest.

A payment schedule follows:

**\$34,885**

**VILLAGE OF BLISSFIELD**

**MUNICIPAL PURCHASE CONTRACT**

**AUGUST 29, 2006**

<b>Payment Due</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b>Fiscal Year <u>Total</u></b>
8/29/2008	\$ 3,688.64	\$ 1,066.86	\$ 4,755.50
8/29/2009	3,848.17	907.33	4,755.50
8/29/2010	4,014.61	740.89	4,755.50
8/29/2011	4,188.24	567.26	4,755.50
8/29/2012	4,369.38	386.12	4,755.50
8/29/2013	<u>4,558.28</u>	<u>197.15</u>	<u>4,755.43</u>
	<u>\$ 24,667.32</u>	<u>\$ 3,865.61</u>	<u>\$ 28,532.93</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2007**

**COMPONENT UNIT:**

The Downtown Development Authority (a component unit of the Village) has issued a limited general obligation bond issue, dated December 1, 1994, for construction of parking lots. The bond issue for \$685,000 has an average interest rate of 6.965%.

The schedule of bond payments follows:

**\$685,000**

**VILLAGE OF BLISSFIELD**

**DOWNTOWN DEVELOPMENT BONDS, SERIES 1994**

**DECEMBER 1, 1994**

**(LIMITED TAX GENERAL OBLIGATION)**

<b><u>Payment Date</u></b>	<b><u>Principal Due</u></b>	<b><u>Interest Rate</u></b>	<b><u>Interest Due</u></b>	<b><u>Fiscal Year Total</u></b>
4-1-08	\$ 40,000.00	7.000%	\$ 30,695.00	\$ 70,695.00
4-1-09	45,000.00	7.000%	27,895.00	72,895.00
4-1-10	50,000.00	7.000%	24,745.00	74,745.00
4-1-11	55,000.00	7.000%	21,245.00	76,245.00
4-1-12	60,000.00	7.100%	17,395.00	77,395.00
4-1-13	60,000.00	7.100%	13,135.00	73,135.00
4-1-14	60,000.00	7.100%	8,875.00	68,875.00
4-1-15	<u>65,000.00</u>	7.100%	<u>4,615.00</u>	<u>69,615.00</u>
	<u>\$ 435,000.00</u>		<u>\$ 148,600.00</u>	<u>\$ 583,600.00</u>

October 31, 2007

Village Council  
Village of Blissfield  
Blissfield, Michigan

We appreciate the opportunity to conduct your audit this year. We are writing to you as we complete the audit to communicate any control deficiencies we identified during the audit and whether these deficiencies (if any) are determined to be significant deficiencies or material weaknesses.

In planning and performing our audit of the financial statements of the Village of Blissfield, Michigan, for period ending September 30, 2007, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. Accordingly, as a part of your audit, we are not expressing an opinion on the effectiveness of your internal control.

Our consideration of internal control was for the limited purpose of conducting your organization's audit and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. It is important to note that control deficiencies are not necessarily problems you will choose to address, however, they do represent potential risks. Our job as your auditors is to ensure that you understand where you have these deficiencies or weaknesses so that you can make informed business decisions on how best to respond to these risks.

Significant Deficiencies

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by your internal control. During our audit we found one significant deficiency in internal control.

Materials Weaknesses

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by your internal control. During our audit we found no material weaknesses.

Finding considered a significant deficiency

Criteria:

Effective for the year ended September 30, 2007, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

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Village Council  
Village of Blissfield  
Blissfield, Michigan

Condition

Currently, the Village staff prepares the interim financial reports and assists the external auditor in the preparation of the annual audit report.

Cause

The staff of the Village does understand all information included in the annual financial statements; however, assistance of the external auditor was utilized in preparing the footnotes to the financial statements.

Effect

Utilization of the external auditor in preparing the footnotes to the financial statements assists management with the external financial reporting responsibility, to ensure their financial statements are accurate.

Recommendation

At this time, we recommend no changes to this situation and communicate this as required by professional standards. The current process meets the definition of a significant deficiency as defined in Statement on Auditing Standards #112.

Client Response

We are aware of this deficiency and believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.

***Robertson, Eaton & Owen P.C.***  
October 31, 2007